





Teacher Pension Policy in New Mexico

For more information about New Mexico and other states' teacher retirement policies, including full narrative analyses, recommendations and state responses, see www.nctq.org/statepolicy

New Mexico's pension system ratings

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| Sustainability | Pension system is stable and well funded. |  |
| Flexibility | Pension system is flexible and fair to all teachers. |  |
| Neutrality | Benefits accrue uniformly with each year of work. |  |
| Transparency | Teachers and the public have a clear depiction of the system's standing and future health. |  |

● fully meets goal ● nearly meets goal ● meets goal in part ● meets a small part of goal ○ does not meet goal

Snapshot of New Mexico's pension system

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| Teacher pension system is well funded (at least 90%). | NO |
| Teachers have the option of a fully portable primary pension plan. | NO |
| Teachers vest in three years or less. | NO |
| Teachers leaving early can take at least a partial employer contribution with them. | NO |
| Teacher and employer contribution rates are reasonable. | NO |
| Retirement eligibility is based on age only. | NO |
| Pension benefits accrue in a way that treats each year of work uniformly. | NO |
| Future contributions required to fully amortize total pension debt are projected and reported. | NO |
| Contributions required to fully amortize pension debt under different discount rates are reported. | NO |
| The source(s) of employer contributions (e.g., state and/or school districts) are disclosed, as well as the proportion of total contributions for which each contributor is responsible. | YES |
| The amount of retirement contributions that are normal costs and amortization are reported. | YES |
| Individual teachers are provided with information that breaks out employee and employer contributions. | NO |
| Individual teachers are provided with information about how their benefits accrue over time. | NO |

New Mexico pension system characteristics

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| Type of plan | Defined benefit (DB) |
| Unfunded liabilities (percent of system funded) | \$6,542,046,073 (63.7%) |
| Vesting period | 5 years |
| Teacher contribution rate (percent of salary) | 7.9% or 10.7% depending on salary |
| Employer contribution rate (percent of salary) | 13.9% |
| Basis for retirement eligibility | Age and years of service |
| Cost-of-living adjustments | Based on Consumer Price Index |
| Participation in Social Security | Yes |
| Contributions teachers may withdraw from plans if they leave after five years | Own with interest |
| Policy for purchasing time for prior teaching or approved leave | Limited (prior teaching); Not permitted (approved leave) |

For states with multiple tier teacher pension systems, this analysis applies to the tier that applies to current new teachers joining the system.